

(ಶ್ರೀ ಪಿ. ವೆಂಕಟಗಿರಿಯಪ್ಪ)

MYSORE BUILDING TAX BILL, 1962.*Motion to consider.*

(Debate continued.)

†Sri G. V. GOWDA.—Can a subject of the State be made liable to pay tax on a subject matter through two different agencies is a matter for deep consideration. The reasons that have been advanced by the Minister do not appear to be convincing at all. Because the value of lands to which irrigation facilities have been provided has increased, there is justification to impose betterment levy and it is asked on the same analogy why should we not impose a tax on those buildings whose value because of certain circumstances has gone up. I wish to make one point clear. So far as the increase in the value of land and buildings is concerned, who is responsible for the increase in the value of buildings?

On account of the construction of projects or tanks out of Government money, the value of the land naturally goes up and in such cases Government is perfectly entitled to seek contribution or betterment levy from the owners of those lands; because of Government's initiative that increase comes into the picture. The same analogy does not hold good so far as increased values of the buildings are concerned. Government is not directly or indirectly responsible for the increased value of the building. What has the Government done? What is the responsibility that the Government has undertaken in this regard and in what way it is responsible for the increasing value of the buildings? That is my simple question. If the Government would say that in this way we are responsible for the enhancing of the value of the building, then they are perfectly justified in asking the owner to pay a share. Sir, it is said:

“Speculative business in urban properties has developed into a regular trade.”

It may be so far as urban area is concerned. What is the definition of urban area? Can you bring all the towns and Panchayats as urban area? It may be Davangere, Bangalore, Hubli or Mangalore, where this sort of increase has come

ಎನಾಯ್ತು ದೊರಕಬೇಕು. 50 ಸಾವಿರ ಪ್ರಜಾಸಂಖ್ಯೆ ಇರತಕ್ಕ ಪಟ್ಟಣಗಳಿಗೆ ಈ ತೆರಿಗೆಯನ್ನು ಹಾಕಬಾರದು ಎಂದು ನಾನು ಕೇಳಿಕೊಳ್ಳುತ್ತೇನೆ. ಸ್ವಂತ ವಾಸಕ್ಕೆ ಮನೆಕಟ್ಟಿಕೊಂಡು ವಾಸವಾಗಿರುವ ಮನೆಗಳಿಗೆ ಈ ತೆರಿಗೆಯನ್ನು ಹಾಕಬಾರದು. ಏತಕ್ಕಂದರೆ ನಾನು ಮೊದಲೇ ತಿಳಿಸಿದಹಾಗೆ, ಅನೇಕ ಮಂದಿ ಹೌಸ್‌ಬ್ಲಿಂಗ್ ಸೊಸೈಟಿಯಲ್ಲ ಸಾಲ ತೆಗೆದುಕೊಂಡು ಮನೆಗಳನ್ನು ಕಟ್ಟಿಕೊಂಡಿದ್ದಾರೆ. ಸಾಮಾನ್ಯವಾಗಿ ಆ ಮನೆಗಳು ನಣ್ಣ ನಣ್ಣ ಮನೆಗಳು. 10-15 ಚದರ ಇರತಕ್ಕವುಗಳು. ಈಗ ಉದಾಹರಣೆಗೆ ಹೇಳುವುದಾದರೆ ನಾನೂ ಕೂಡ ಹೌಸ್‌ಬ್ಲಿಂಗ್ ಸೊಸೈಟಿಯಲ್ಲ ಸಾಲಮಾಡಿ 17 ಚದರ ಇರತಕ್ಕ ಒಂದು ಮನೆಯನ್ನು ಕಟ್ಟಿದ್ದೇನೆ. ಹೌಸ್‌ಬ್ಲಿಂಗ್ ಸೊಸೈಟಿಗೆ ಸಾಲ ತೆಗೆದುಕೊಂಡಿರುವ ಹಣವನ್ನೆಲ್ಲಾ ಕಟ್ಟಿದರೆ ಆ ಮನೆ ನನ್ನದಾಗುತ್ತದೆ. ಇಲ್ಲದಿದ್ದರೆ ಇಲ್ಲ. ಆದ್ದರಿಂದ ಈ ರೀತಿ ಕಟ್ಟಡಗಳ ಮೇಲೆ ತೆರಿಗೆಯನ್ನು ಹಾಕಲೇ ಬೇಕೆಂದು ಸರ್ಕಾರದವರು ಹತ ಹಿಡಿಯುವುದು ನ್ಯಾಯವಲ್ಲ. 50 ಸಾವಿರ ಪ್ರಜಾಸಂಖ್ಯೆಗಿಂತ ಕಡಿಮೆ ಇರುವ ಪಟ್ಟಣಗಳಿಗೆ ಮತ್ತು ಸ್ವಂತ ವಾಸಕ್ಕೆ ಕಟ್ಟಿಕೊಂಡಿರುವ ಮನೆಗಳಿಗೆ ಈ ತೆರಿಗೆಯಿಂದ ಎನಾಯ್ತು ಕೊಡಬೇಕೆಂದು ಹೇಳಿ ನನ್ನ ಮಾತನ್ನು ಮುಗಿಸುತ್ತೇನೆ.

†Sri G. VENKATAI GOWDA (Palya).—Sir, I entirely agree with my friend Sri Namoshi when he appealed to the Minister concerned to withdraw this Bill for the simple reason that it amounts, in my opinion, to double taxation of an owner of a building within the limits of a local authority because he is asked to pay house tax to the local authority and also to Government.

Mr. SPEAKER.—Before the Hon'ble Member proceeds further, the Finance Minister will make a motion.

Report of the Select Committee on the Mysore Sales Tax (Amendment) Bill, 1962.

Presentation

Sri B. D. JATTI (Minister for Finance).—Sir, I beg to present the Report of the Select Committee on the Mysore Sales Tax (Amendment) Bill, 1962.

Mr. SPEAKER.—The Report of the Select Committee is presented.

about. There is some justification to lay their hands in those areas. In what way could it be justified to bring all other areas into the purview of this Bill? I do not understand, because if there is speculative business you are taxing not on the building but you are taxing only on those people indulged in speculative business because they have made easy money and they are trying their level best to escape payment of taxes. You ought to tax them. But such kind of people who indulge in speculative business must be made to pay tax not because they happen to be owners of buildings, but because they indulge in speculative business and make easy money. They should, therefore pay to the Exchequer. You find out who are those people and try to find whether anything could be done by way of taxing them. I do not think it is good reasoning that prompted Government to come forward with this Bill. Sir, what the Resources and Economy Committee has suggested is only lands and buildings situated by the side of National Highways and Trunk roads in the State have greatly perished in value and such kind of buildings which are situated by the side of National Highways or Trunk roads should be taxed. Because Government had undertaken those Trunk roads and National Highways and on that account neighbouring land and the buildings situated nearby gets more value, there is a liability on the part of the owners to pay more. Since at the initiative of the Government buildings and land get more value, the owner is liable to pay more tax.

Sri C. J. MUCKANNAPPA.—Is it your suggestion that it should be left over?

Sri G. V. GOWDA.—Because of the importance of the National Highways, value of the building goes up, to that extent the owner is benefited and so Government is justified in claiming some tax from the owner of the building or land that is abutting the National Highway or Trunk road. With that background in view, the Resources and Economy Committee pointed out that Government can lay hands even in his respect.

ಶ್ರೀ ಎಚ್. ಆರ್. ಕೇಶವಮೂರ್ತಿ (ಗಂಡಸಿ).—
ನ್ಯಾಷನಲ್ ಹೌಸಿಂಗ್ ಒಂದು ಆರಣ್ಯದಲ್ಲಿ ಹೋಗುತ್ತಾ
ಇದ್ದರೆ, ಅಲ್ಲಿ ಮನೆ ಕಟ್ಟಿದರೆ, ಅದಕ್ಕೆ ಹಣ ಜಾಸ್ತಿ
ಬರುತ್ತದೆಯೇ?

Sri G. V. GOWDA.—Those buildings would not come under this. Government have to take into consideration other aspects also. Supposing there is a National Highway between Bangalore and Mysore, naturally Mandya and other places come into the picture. Such cases could have been considered by the Government instead of seeking to tax all the owners of buildings that have been constructed subsequent to 1st November 1956. It has been asked by my Hon'ble friend Sri Ganji Veerappa why not go prior to 1956. Are we competent to make any law at a time when this State was not in existence? That point we need not seriously take into consideration. Also, supposing he says, from 1900 we could claim this tax, is it possible? Would there be any constitutional policy for that? Even before Independence these State Legislatures were not authorised to make an enactment like this. That ought to have been taken into consideration and I should say there is no justification so far as that suggestion is concerned. Sir, we require financing of money for the Third Plan which commences from 1st April 1961. It is the suggestion of the Committee to give effect to it from 1st April 1961. There is no question why they should deviate. If it is from the date of Notification, one difficulty would arise. It is only when the houses are constructed, completed and occupied the owner becomes liable to pay. If it is to take effect from the date from which Government notifies, all houses thereafter to be constructed and completed and which have been occupied from that day, whether it is also legal or not is to be taken into consideration. Even if we take a decision to tax buildings it must be in urban areas, it must be in areas having more than 50,000 population or more and also from 1st April 1961. Exemptions are sought to be given to some kind of institutions. Of course, for Government buildings no objection, Local body buildings no objection; my friend

(SRI G. V. GOWDA)

Mr. Mukkannappa pointed out the categories of buildings under the guise of charitable or religious purposes. What is charitable purpose or religious purpose is not defined. Under the guise of religious or charitable purpose, any man can take advantage and abuse of power is likely to be there. I am suggesting that there should be no distinction. If there are schools run in a private building, Government may be pleased to exempt them. But, under the category of religious or charitable institutions, I think there will be abuse of power. If it is religious purpose, those institutions must have been such as thrown open entirely to all classes of that particular religion. Supposing there are Hindus, that institution must be such as to give entry to all classes of Hindus or Christians or Mohammedans. Supposing a particular sect in Hinduism want to say they are conducting religious purpose and they are using a building and so it must be exempted, then the Government may accord exemption. Then we cannot say that we are secular. We cannot rule out that possibility. Religious purpose must be such that it should be thrown open to all classes of persons of a particular religion. If that were the case, I will agree. Now, there is a lot of scope for abuse of power in as much as the effect the Government have reserved power to decide whether it comes under exemption or not. When you have provided in every clause a provision for appeal to higher officers, why should you reserve the power to decide whether a particular building goes under exemption or not? You give the authority to the officer himself. Therefore, I am suggesting that these exemptions must be confined to Government buildings and buildings belonging to Local Bodies and none other. Even article 25 (2) (b) mentions religious institutions of a public character which are thrown open to all classes and sections of a particular religion. This contravenes that article. Therefore, I am suggesting that change. It is also proposed that Factories and Workshops are to be exempted. I do not understand the reason why the Hon'ble Minister should choose to give

exemption to Factories and Workshops. In fact, there is an Act in Andhra Pradesh. In Andhra Pradesh they have got non-agricultural assessment Act, according to which higher assessment is collected on land used for industrial purposes. In Factories and Workshops you can expect more profit. Suppose, T.V.S., constructs a fine building in the Museum Road, do you mean to say that it should be exempted from being taxed? I do not understand the reason which prompted the Government to give exemptions to Factories and Workshops.

Therefore, I am suggesting that unless you exhaust all the resources which the Committee wants you to do, I should say at the outset that you are not justified in imposing these taxes. Mr. Keshav Murthy and others suggested that you first maximise your resources available and then take up these taxation measures. Unless you do that, what is the obligation cast on the people to pay taxes? Under the guise of the Committee's report you come forward with taxation measures; but you have not done so far as other things are concerned. Yesterday I asked what steps the Government have taken to get more share in the Union excise duties as well as additional excise duties. The Finance Minister is too intelligent. We have lost so far as additional excise is concerned nearly one crore of rupees out of tobacco and textiles. We could have realised Rs. 2 crores.

6-00 P.M.

Sri B. D. JATTI.—Did I oppose the suggestion made by the Hon'ble Member?

Sri G. V. GOWDA.—He appreciated it. He also knows what has to be done, but it has not been done.

Sri B. D. JATTI.—Again, Sir, with the co-operation of the Hon'ble Member and other members, I promised yesterday that I would do my best to get more.

Sri G. V. GOWDA.—Originally the basic percentage of divisional pool was 40 per cent so far as Union Excises are concerned. Subsequently several commodities are brought under Union Excise duties and that percentage was

reduced from 40 to 35. In 1961 the Government of India was receiving Rs. 100 crores or so and this year they are receiving 400 crores and the Union Excise duty has increased to the extent of Rs. 300 crores. Supposing we are given 40 per cent, we would have got more share. So, the Mysore State should join with other States and put a strong case urging upon the Government of India to see that the basic percentage of divisional pool is enhanced from 35 to 75 per cent because we are getting share so far as the income tax pool is concerned to the extent of 75 per cent. Why should we not lay claim to the percentage of 75 per cent even in respect of Union Excise duties as well as additional excise duties? If that is done, you will realise naturally 3 to 4 crores of rupees per annum. That means we will get Rs. 15 crores during the plan period. Unless those steps are taken and something is done in that regard, I am convinced that the Government are not justified to ask people to pay tax either in the name of building tax or other taxes. Therefore, I am opposing this measure. The Government must convince this House that they have taken steps to get the quota legitimately due to the Government of Mysore. Let them take those steps first. But my complaint is that no such steps were taken.

Sri B. D. JATTI.—When I am prepared to consider all his valuable suggestions, why should he oppose?

Sri G. V. GOWDA.—I am opposing because when you could make out these funds elsewhere by means of claiming the share legitimately due to you from the Government of India, why should you unnecessarily impose the taxes on the poor people in the villages where there are 15,000 or 25,000 people? The middle class people may not have more than 1,000 sq. feet plinth area. That is a different matter. But in what way you are just to ask them to pay tax? You are not directly or indirectly responsible to any extent to that particular individual to construct his house. You have not done any for him. Then what justification is there to ask a particular owner to pay tax? The local Governments are entitled to

it because they provide sanitary arrangements, street lights and other kinds of amenities within their limits and they are justified in demanding taxes on the houses. What have the Government done to the rural people? Therefore I am suggesting that you confine these taxes to urban areas, because speculative business if at all is going on only in urban areas. I do not concede even that. You may be justified in laying hands and ask people who indulge in speculative business to pay something to you. As my friend Mr. Gopala Gowda put it why do you want to have a share on that money which has been earned by people for which they are not legally entitled to? You must see that all that money is confiscated to the State Exchequer instead of asking for a share of it which is not earned by lawful means. You should never allow illegal things to be done. So, the entire money should be confiscated to the State Exchequer. With these observations, let me say that the Bill has got to be modified in a better form so as to bring within its purview only persons who might have made money in the speculative business in urban areas. As my friend said, there is no justification in levying taxes on buildings which are made use of by the owners for residential purposes. If they let out the buildings and get something, there is some justification. Supposing I construct a house and reside in it. What justification is there for the Government to ask me to pay tax. I am therefore suggesting that it requires severe scrutiny and more changes. Let me hope the Select Committee will through it dispassionately and discuss it and modify it in such a form that people who are liable to pay are made to pay. Thank you.

Mr. SPEAKER.—The House will now rise and meet again tomorrow at 1 p.m.

The House adjourned at Ten Minutes past Six of the Clock to meet again at One of the Clock on Friday, the 21st September 1962.
